

William Woerner

From: Kathy Ledesma <kathleen.ledesma@[REDACTED]>
Sent: Wednesday, August 07, 2019 3:17 PM
To: William Woerner
Cc: James Burgess; Karen Houle; Dean Hebb
Subject: Fwd: Notice to Buyers PAC
Attachments: Notice_to_Buyers_PAC.pdf

On behalf of my husband, Dean Hebb, here is the communication from LFO that you requested. Please let us know if you need anything more.

Best regards,
Kathy Ledesma

----- Forwarded message -----

From: Dean Hebb <dwhebb27@[REDACTED]>
Date: Sun, Feb 17, 2019 at 1:54 PM
Subject: Fwd: Notice to Buyers PAC
To: Kathleen Ledesma <kathleen.ledesma@[REDACTED]>

----- Forwarded message -----

From: Admin mailbox <admin@lfoptions.com>
Date: Tue, Feb 12, 2019 at 1:42 PM
Subject: Notice to Buyers PAC
To: Admin mailbox <admin@lfoptions.com>

Please find the attached notice, also available in the body of this email directly below.

NOTICE TO BUYERS



Life Funding Options, Inc. ("LFO") is a closely held corporation which purchases financial obligations for the purposes of debt arbitrage. LFO is not an insurance company or a guarantee association. LFO has previously

purchased certain assets and liabilities of Performance Arbitrage Company, Inc.; including the Option agreements issued as part of your transaction.

Due to the actions of Consumer Financial Protection Bureau ("CFPB") and South Carolina Department of Consumer Affairs ("SC DCA"); LFO has no choice but to suspend our operations for 90 to 180 days, and maybe

permanently. Though we made a substantial and reasonable offer to both of these entities to conform our operations to an agreed upon set of guidelines during their investigation, they have advised us they cannot

provide guidance and clarity until their investigation is completed. As such, we cannot transact business at this time until their investigation is concluded.

CFPB and SC DCA have been investigating a number of companies which provide a source of funding for veterans. LFO contracts with Buyers who are purchasing payments from Sellers which are both military

and non-military in their payment sources. There have been companies which purchased payments from Sellers where the Seller received a few thousand dollars up-front, and had to repay tens of thousands of

dollars in return over time. LFO would never associate with companies which did this. CFPB and SC DCA have requested modifications to the contractual agreements between Buyers and Sellers, which LFO has

agreed to; however LFO requested a transition period to do so along with further details to the format desired by CFPB and SC DCA. Pending these changes, LFO is suspending business until CFPB and SC DCA can provide

clarity to the changes and modifications they are asking for LFO to complete. We have been advised by CFPB and SC DCA that they are unable to provide such clarity until they have completed their investigation. As

such, LFO is left with no choice but to suspend its business. Therefore, LFO anticipates a transition period of 90-180 days to complete the modifications; again once these governmental agencies are able to provide

guidance. The investigation involves a number of entities, so LFO does not know when CFPB and SC DCA will be able to provide such guidance. LFO cannot chance running afoul of what these powerful governmental agencies wishes are for us to modify our business.

LFO has always conducted itself in ways which we believe are legal and ethical. LFO works with Buyers of military and non-military sourced payments where the payments are due after the Seller has received the

payments in their designated account.

Confoundingly, CFPB and SC DCA have expressed that they see the benefit in what we do; but they insist the contracts between the Buyers and Sellers that we provide debt arbitrage options on are loans, rather than

factored agreements. Though we continue to disagree with their legal conclusions, the cost in attorneys' fees to fight these governmental agencies is beyond the ability of our small company to pay.

LFO will be unable to honor the Options that were purchased at the time of the contracts between yourselves and the Sellers during this period of time. Important to note that any payments received from Sellers will

be forwarded to you by your payment servicer. LFO, as a reminder, does not receive or control Sellers payments to Buyers. If the Seller should default, you, as the owner of the contract, can pursue legal action

to enforce the terms of the contract. If you have previously exercised your Option and assigned your contract to LFO, and now wish to pursue legal action against the defaulted Seller; please email us at

admin@lfoptions.com and LFO will assign the original contract back to you.

We will keep you updated in regards to any changes.

Thank you,

LFO Admin Team



Life Funding Options, Inc.

Email: admin@lfoptions.com

The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance upon it, is prohibited and may be unlawful. This message is attached to all outgoing emails from LFO Admin Team.

ACCC003124 File #8695



NOTICE TO BUYERS

Life Funding Options, Inc. ("LFO") is a closely held corporation which purchases financial obligations for the purposes of debt arbitrage. LFO is not an insurance company or a guarantee association. LFO has purchased certain assets and liabilities of Performance Arbitrage Company, Inc. ("PAC"). Your note with PAC was one of the liabilities that LFO purchased. As such, you were receiving monthly payments in accordance with your Option to Purchase Defaulted Structured Asset Agreement.

Unfortunately, due to the actions of Consumer Financial Protection Bureau ("CFPB") and the South Carolina Department of Consumer Affairs ("SC DCA"), Life Funding Options, Inc. had no choice but to suspend our operations for 90 to 180 days, and maybe permanently. Though we made a substantial and reasonable offer to both of these entities to conform our operations to an agreed upon set of guidelines while they completed their investigation, they have advised us they will not work with us until their investigation is completed. As such, we are left unable to transact business at this time.

The CFPB and SC DCA have been investigating a number of companies who provide funding options for veterans. LFO contracts with Buyers who provide lump sum payments to Sellers with both military and non-military payment sources. Other companies in this industry provide direct lump sum arrangements only to veterans, paying those veterans pennies on the dollar. LFO has never associated with the companies who did this.

Once LFO understood the CFPB's and SC DCA's concerns, LFO responded by offering modifications to its process. LFO agreed to work within the confines of the proposed modifications, but requested a transition period to do so. LFO further requested that the CFPB and SC DCA advise as to their approval of these proposed new processes, to ensure LFO didn't change its business model only later to be told these entities did not believe they complied with their requirements. Unfortunately, our offer was rebuked by CFPB and SC DCA; and we were told that they would be unable to negotiate with us until they completed their investigation at some undetermined date in the future. These agencies' investigations involve a number of entities, many of whom LFO has no connection to. However, LFO is a small company that cannot chance running afoul of what these powerful governmental agencies' have threatened to do.

LFO has always strived to and believes it has always conducted itself in ways which are legal and ethical. LFO works with both military and non-military sourced payments. As such, LFO has been left with no choice but to suspend its business. LFO's principal is pursuing modifications to the company's business model until these governmental agencies provide guidance and clearance to go forward. Confoundingly, the CFPB and SC DCA have expressed that though they see the benefit in what we do, they have unilaterally deemed the contracts between the Buyers and the Sellers that we provide debt arbitrage options on to be "high interest loans," rather than "factored agreements." Though we continue to disagree with their legal conclusions, the cost in attorneys' fees to fight these governmental agencies is beyond the ability of our small company to pay.

As a result of these two agencies' actions, LFO is currently unable to continue to honor the Options that were purchased at the time the contracts were entered into between you and your Seller(s). As such, if the Seller(s) defaults, or is already in default; you, as the owner of the contract between yourself and your Seller(s), will have to pursue your own legal actions to enforce the terms of your contract. If you have assigned your contract to LFO and wish to directly pursue legal action against the defaulted Seller, please email us at admin@lfoptions.com; and LFO will assign the original contract back to you. Important to note that monthly payments as received from Sellers will continue to be forwarded to you by your payment servicer. LFO, as a reminder, does not receive or control Seller payments to Buyers.

We will keep you updated if this situation changes .

Thank you.

LFO Admin Team
admin@lfoptions.com